



City of Mesa
Higher Education Recruitment
Market, Feasibility and Economic Impact Analysis

EXECUTIVE SUMMARY

The City of Mesa (the "City" or "Mesa") has developed the strategic vision of attracting higher education to provide a resource to residents who seek advanced education, to help attract qualified students from other states, and to further facilitate economic development by providing workforce development resources to businesses. As an established high-quality community located within one of the nation's fastest growing metropolitan areas, the achievement of this vision will contribute to the "Building a Better Mesa" initiative and further position Mesa as an exceptional community.

The Mayor, Council and City Leadership have adopted a focused approach to Mesa's economic development with emphasis upon HEAT – Healthcare, Education, Aerospace and Tourism. In furtherance of this effort, TRIADVOCATES LLC and Applied Economics were retained by the City on March 24, 2010 to determine the feasibility of attracting higher education resources to the City, to specifically evaluate higher education in Downtown Mesa and to recommend strategic next steps.

A. Process Profile and Summary of Findings

Drawing upon knowledge gained during the successful recruitment of universities to the City of Goodyear, as well as relevant experience in coalition building and facilitating significant economic development projects, the two firms initiated strategic outreach to gauge community perspectives on higher education while assessing higher education options and availability both within Arizona and other states.

Demographic data was analyzed, and graduation rates from local and regional high school districts were incorporated to provide perspective on overall competitiveness. Projected demand for higher education in Mesa and the metropolitan area, as driven by projected population growth and current and future socioeconomic data was examined and is summarized throughout the market, feasibility and economic impact analyses. The competitive supply of higher education was also assessed, including program offerings, degrees awarded by program and occupational growth projections.

For the purposes of this report, the types of institutions discussed fell into one or more categories:

- **Public institutions** – funded in whole or part by government or tax dollars;
- **Private institutions** – funded primarily by tuition, contributions and endowments. These can be further divided into those that are for-profit versus not-for-profit, and faith-based versus secular;
- **Traditional institutions** – targeting high school graduates immediately upon graduation, and providing undergraduate or graduate programs primarily to students aged 18-24;
- **Non-traditional institutions** – targeting “life-long learners,” or adults currently in the work place, who are returning to school part-time to earn a Bachelor’s or Master’s degree;

- **Degree-granting institutions** – primarily focused on granting students a degree based on the completion of a required amount of credit hours in an area of academic study; and
- **Non-degree granting institutions** – providing professional training or certification in specific career or technical areas of proficiency.

The primary goal of this process was to identify the relevant issues for consideration to ensure that the City is prepared to proactively recruit, evaluate and respond to prospective educational institutions and stakeholders on a solid legal, political and financial foundation. The purpose of this document is to provide the necessary foundation, including assessment of community interest and existing higher education resources, to accomplish a successful recruitment.

B. Community Support and Stakeholder Feedback

(1) Summary of Interviews and Visioning Sessions

- Surveys, interviews, and a facilitated discussion with over 40 individuals were conducted to review, validate and amend Mesa’s current understanding of the opportunity to support and grow both education and economic development.
- Overall, the stakeholder and community outreach effort revealed a strong level of general support for the City's efforts to develop and recruit higher education resources in the community.
- A significant majority of those who provided input believed that additional higher education resources would be a welcome addition to the Mesa community to provide undergraduate and/or graduate degrees to both traditional (18-24-year olds) and non-traditional students.
- Further, there was a strong sentiment that educational providers should pursue partnerships with industry to provide workforce development support.
- While expressing support for Arizona’s existing public and private institutions, educational stakeholders expressed a strong preference for recruiting unique private-sector institutions of higher education, both for specific program offerings, as well as the diversity of learning environments.
- It was recommended that attention be given to identifying existing, faith-based institutions with known reputations for quality that would be particularly attractive to Mesa and Greater Phoenix existing residents, such as Latter-Day Saints (LDS), Catholic and other faith-based institutions.

(2) Consumer Feedback

- Over 300 current high school students, largely from Mesa Public Schools, responded to a web-based survey asking for their input on their plans and preferences for higher education. Over 130 students currently attending college also responded to a web-based survey asking for input on their decision-making process in evaluating and choosing their college. Approximately one-quarter of this sample decided to attend college outside Arizona. These surveys did not use scientific sampling methods but were distributed “virally” through social media outlets, email and other methods.
- Roughly 57% of high school students plan to attend an in-state institution upon graduation; however, one-fourth of respondents were unsure of their college location choice.

- Only 15.8% of high school respondents indicated that they are not interested in attending a college located in or close to Mesa.
- Both high school and college respondents felt strongly that Mesa should try to recruit a four-year degree-granting institution that offers Bachelor's and/or graduate degrees.
- "Desired program" "location" and "cost" were the three most important factors in college preference.
- For high school respondents not planning on college, "cost" was cited as the primary deterrent.
- A majority of college respondents believe the institutions that Mesa recruits should have a specific professional specialty.

C. Market Analysis

This section of the report provides pertinent analysis of current student populations relative to 12 “peer” communities. It examines enrollment data in these communities and compares them on the basis of educational achievement among their populations, one indicator of demand for higher education. The report also looks at the distribution of undergraduate enrollment by home state and home country in Arizona’s public universities, as one indicator of potential sources of future students.

The report includes a listing of programs currently offered by ASU and Arizona’s private colleges in order to reveal the top areas of academic study, as well as gaps in the competitive availability of such programs. This analysis also makes connections between areas of study and the fastest-growing occupations, thus connecting the City’s recruitment strategy and its economic development priorities.

- Greater Phoenix is currently well served in terms of public education, as well as private education, although most of the private institutions focus on a very limited range of programs.
- The region is particularly well served in terms of non-traditional private universities that cater to working adults.
- Demand for higher education will continue to increase locally as the area’s population grows and as the knowledge-based economy of the future requires a more-educated workforce.
- The potential pool of local students in Arizona is currently estimated at 78,680 and could be as large as 93,000 by 2020, including both graduate and undergraduate students.
- The opportunity exists for schools that offer unique programs and a local alternative to out-of-state private colleges for Greater Phoenix’s growing population.
- The most feasible schools for Mesa will offer a combination of unique programs and non-unique high-demand programs offered in non-traditional formats.

- The Greater Phoenix region ranks 5th among 12 “peer” communities for percentage of population enrolled in higher education as a percentage of population (ages 18-24).
- Denver ranks first among these cities with 50% of their 18-24-year-old population attending higher education.
- Greater Phoenix ranks first among 12 “peer” communities for percentage of population, of all age groups, enrolled in “non-traditional” private institutions.
- Economic capacity: The distribution of household incomes for Maricopa County residents with undergraduate students in public and private colleges are not as different as might be expected. Based on the data in this report, affordability may not be the primary issue for students choosing public universities versus private colleges in Arizona, despite the difference in tuition costs.
- Mesa Public Schools Data: Mesa Public Schools (MPS) is the 44th largest school district in the United States with more than 66,000 students. Data showed that for all students attending a four-year school as their first college, only 23% attended a private school. Of those attending out-of-state four-year colleges as their first college, 69 percent attended private schools.

D. Economic Impact

The report includes a detailed economic impact analysis of the role of colleges and universities in our community as employers, investors in property, buildings and equipment, purchasers of goods and services, and as destinations for visitors. It does this utilizing a “pro forma” analysis of three different institutional types, which will be useful in evaluating the benefits associated with Mesa’s recruitment efforts of institutions that reflected those parameters.

- From an economic perspective, higher education institutions are just like other businesses or organizations. They hire people and pay wages, purchase goods and services from local and non-local suppliers, pay state and local taxes, and receive income from their “customers.” In addition to making higher education available locally, an educational institution has an economic impact on the community in which it is located.
- Over the past five to seven years, employment at colleges and universities has grown significantly in Greater Phoenix. Educational services as a whole grew by 105 percent in Maricopa County, and employment at private colleges and universities in particular grew by 370 percent from 2001 to 2008.
- Projected future population increases in Greater Phoenix and the state will spur continued long-term growth for higher education.
- The average overall output multiplier in Mesa for higher education is 1.67, meaning that for every \$1 million of economic activity at colleges or universities, an additional \$670,000 of economic activity could be created in Mesa.
- The colleges in this analysis not only provide a wider range of higher education alternatives for residents in Mesa and the East Valley, but also support a significant amount of additional economic activity, jobs and payroll at related local suppliers and consumer businesses in the city.

E. Recruitment

Based on the market and feasibility analysis, as well as feedback from stakeholders, we believe Mesa should move forward aggressively to recruit new institutions of higher education. Arizona, in general, and Mesa, in particular, are in position to be a very attractive site for educational development or expansion based on the following factors:

- The dynamics of the knowledge-based economy, which is demanding higher levels of educational achievement by prospective employees;
- Demographic changes as the national population continues to migrate from the North and East to the South and West;
- The higher-than-average achievement levels of students graduating from Mesa Public Schools and surrounding school districts;
- The potential for the City to partner with higher education to utilize existing cultural resources, including the Mesa Arts Center;
- The availability of quality infrastructure, including the existing and planned METRO light rail line; and
- The lack of diversity in the current types and missions of existing higher education institutions.
- Recruitment of higher education institutions is not a well-defined or mature practice. In many ways, the processes mirror those of more-traditional business recruitment and attraction strategies, but with unique differences attributable to traditional campus governance structures, and lack of experience with site selection decisions by those institutions.
- For next steps, we recommend refining the focus to the essential elements of a foundational road map – a framework for the legal, political and financial issues attendant to this opportunity. Preparation of this documentation is vital to presenting a knowledgeable, fundamentally sound and well-considered opportunity to higher education providers.
- Proactively marketing Mesa to prospective recruitment targets is the cornerstone of this approach. The City has community support and demographic data that support further expansion of higher education.
- As a governmental entity that is subject to public scrutiny, we recommend that the City initiate a process that is both competitive and open to any and all interested parties. Issuing a "Request for Information" (RFI) or "Request for Proposals" (RFP) will yield multiple direct and indirect benefits. The process will promote the City's ideal positioning and package of assets including demographics, commitment to quality infrastructure and community attributes, while seeking responses that will enable the City to determine the seriousness and compatibility of prospective institutions.
- The RFI/RFP process establishes a mechanism to communicate expressions of interest from potential higher education partners and ensures that all interested parties are given an equal opportunity to respond. An RFI process is deemed to be more informal, open-ended, and easier for institutions to formulate a response. An RFP has distinct advantages in terms of

formality, competitiveness and specifics, and is more appropriate when Mesa is seeking to recruit an institution to a particular site.

- Through an RFI/RFP process, the City can evaluate responses and determine what will provide the most significant value-add to its residents and businesses.
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Prepared by:



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